

## Message Text

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PAGE 01 BELGRA 00141 111301Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-07  
FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06 L-03  
/044 W

-----111304Z 004260 /43

R 111040Z JAN 77  
FM AMEMBASSY BELGRADE  
TO SECSTATE WASHDC 9194

C O N F I D E N T I A L BELGRADE 141

E.O. 11652: GDS  
TAGS: EWWT, YO  
SUBJECT: FOLLOW-UP TO RICHARDSON VISIT: MARAD DENIAL OF WAIVERS

REF: STATE 308030

SUMMARY: FOLLOWING EMBASSY EXPOSITION OF U.S. GRIEVANCES, FEDEGCL OFFICIALS DENY YUGOSLAV DISCRIMINATION AGAINST U.S. SHIPPING COMPANIES. THEY PROMISE WRITTEN EXPLANATION OF EXPORT INCENTIVES WHICH IN THEIR VIEW CAUSED MISUNDERSTANDING. THOUGH EMBASSY LBULD NOT RULE OUT POSSIBILITY OF QUESTIONABLE YUGOSLAV PRACTICES, WE DO NOT SEEM TO HAVE ESTABLISHED THEIR EXISTENCE. THEREFORE, EMBASSY RECOMMENDS THAT MARAD, WHILE REMAINING WATCHFUL OF YUGOSLAV PERFORMANCE, RESUME ISSUANCE OF WAIVERS PERMITTING YUGOSLAV CESSLS CARRY EXIMBAFD-SUPPORTED U.S. SHIPMENTS. END SUMMARY.

1. DEPARTMENT HEAD PEJNOVIC AND COUNSELOR YLAHOV OF FOREIGN TRADE SECRETARIARIAT HAVE MET WITH EMBOFF TO DISCUSS MARAD DENIAL OF WAIVERS. REITERATING POSITION FOREIGN TRADE SECRETARY LUDVIGER AHD TAKEN WITH SECRETARY RICHARDSON, AND SPEAKING IN LUDVIGER'S NAME, THE YUGOSLAV OFFICIALS PROFESSED PUZZLEMENT OVER WHAT HAD PROMOTED THE DENIALS. HAD MARAD CONSIDERED, THEY INQUIRED, WHETHER ANY COMPLAINTS AGAINST YUGOSLAVIA WERE MADE IN GOOD FAITH.

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2. EMBOFF REPLIED WITH EXPOSITION OF U.S. GRIEVANCES. HE REFRAINED FROM CITING YUGOSLAV SOURCES BECAUSE THEY FACE CRIMINAL PENALTIES FOR MAKING ALLEGATIONS. SUMMING UP PRESENTATION, EMBOFF SAID REPUTABLE U.S. SHIPPING COMPANIES HAD LODGED STATEMENTS WHICH LEFT MARAD CLEARLY CONVINCED THAT SUBSIDIES OR OTHER DISCRIMINATORY YUGOSLAV PRACTICES EXISTED. WHEN U.S.

SHIPPING COMPANIES DISCRIMINATED AGAINST, PUBLIC RESOLUTION 17  
OBLIGATED MARAD TO DENY WAIVERS.

3. PEJNOVIC AND VLAHOV DENIED EXISTENCE OF DISCRIMINATION. THEY ASSERTED THAT, SINCE U.S. COMPANIES APPARENTLY SINCERE, THEIR COMPLAINTS MUST HAVE BEEN CONCEIVED FROM INCORRECT ASSUMPTIONS, PROBABLY MISUNDERSTANDING OF YUGOSLAV EXPORT INCENTIVES. THE INCENTIVESN ARIED, THE OFFICIALS EXPLAINED, BECAUSE INDIVIDUAL REPUBLICS SUPPLEMENTED FEDERAL PROVISIONS WITH DIFFERING FORMS OF TAX BREAKS. DISTINCTIONS ALSO MADE BETWEEN EXPORTS TO DEVELOPED ECONOMIES AND TRADE WITH DEVELOPING COUNTRIES. IN NO WAY, HOWEVER, DID EXPORT PRACTICES EMBODY SUBSIDIES TO YUGOSLAV SHIPPING COMPANIES OR OTHER DISCRIMINATION.

4. VLAHOV NOTED THAT PORT OF KOPER, WITH BACKING OF YUGOSLAV SHIPPING COMPANIES, KEEN ON SEUOALAND INVESTING IN JOING VENTURE WHICH WOULD UTILIZE THE U.S. FIRM'S CONTAINER SHIPMENT SERVICES. HE POINTED OUT IT WOULD BE ILLOGICAL FOR YUGOSLAV ENTERPRISES TO INDULGE IN PRACTICES THAT WOULD DISCRIMINATE AGAINST THE PROFITABILITY OF A PROSPECTIVE FOREIGN PARTNER AND THUS DISCOURAGE JOINT VENTURE.

5. REMINDED OF SECRETARY RICHARDSON'S INTEREST IN RECEIVING WRITTEN EXPLANATION OF YUGOSLAV PROCEDURES, THE OFFICIALS READILY AGREED TO PROVIDE A STATEMENT DURING JANUARY.

6. EMBASSY COMMENTS AND RECOMMENDATION. WHILE EMBASSY WOULD NOT RULE OUT UNTOWARD YUGOSLAV PRACTICES, HARD FACTS MISSING. EMBOFF'S EXPOSITION OF ALLEGED GRIEVANCES PERHAPS STRINGER THAN CONFIDENTIAL

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SOMEWMT TENUOUS INFORMATION WARRANTED. THOUGH WRITTEN YUGOSLAV EXPLANATION PENDING, IT CAN GO NO FURTHER THAN ORAL STATEMENT OF FOREIGN TRADE OFFICIALS SPEAKING ON BEHALF OF SECRETARY LUJDVIGER, IN DENYING DISCRIMINATION. ABSENT CONTRARY EVIDENCE, IT WOULEPAPPEAR APPROPRIATE DEFUSE THIS ISSUE. EMBASSY RECOMMENDS MARAD RESUME ISSUANCE OF WAIVERS TO YUGOSLAVS, WHILE REMAINING ATTENTIVE, AS WILL EMDVSSY, TO POSSIBILITY OF QUESTIONABLE PRACTICES AS WELL AS NEED FOR SUBSTANTIATION. YORK

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 L-03 FMC-01 CIAE-00  
INR-07 NSAE-00 OES-06 /037 W  
-----131432Z 030241 /43

R 131200Z JAN 77  
FM AMEMBASSY BELGRADE  
TO SECSTATE WASHDC 9226  
INFO AMEMBASSY ROME

C O N F I D E N T I A L BELGRADE 141

FOL SENT ACTION SECSTATE JAN 11 RPTD ROME FOR  
MARITIME ATTACHE INFO:

QUOTE BELGRADE 141

E.O. 11652: GDS  
TAGS: EWWT, YO  
SUBJ: FOLLOW-UP TO RICHARDSON VISIT: MARAD DENIAL OF WAIVERS  
  
REF: STATE 308030

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FEDERAL OFFICIALS DENY YUGOSLAV DISCRIMINATION AGAINST U.S.  
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## Message Attributes

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**TAGS:** EWWT, YO  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009